

Mrs Maria do Céu Antunes  
Minister for Agriculture of Portugal  
Chair of the EU Agriculture & Fisheries  
Council  
Rue de La Loi 200

22.01.2021

(21) INST 2

### **EU Farm Council meeting on 25 January 2021**

#### **EU feed industry call on EU Farm Council Presidency for urgent discussion and action, removing EU retaliatory import duties on US feed grains, to relieve market pressure from EU feed grain markets linked to global grain market rally**

Dear Minister, dear Mrs Maria do Céu Antunes,

The EU compound feed and premix manufacturers, represented by FEFAC, are fully committed to supporting the EU livestock and aquaculture sector to secure safe, healthy, sustainable and affordable food supplies of animal origin to consumers through the second wave of the COVID-19 pandemic.

We, therefore, take the liberty to draw your attention to the current global grain market rally, adversely impacting the EU feed and livestock sector requiring urgent attention and action at EU level. Since the autumn of 2020, all key global grain market futures have risen sharply, with soybean meal quotations peaking at 500 USD/t. This is the first time since July 2010 that such levels are reached: at the time, the "historic" surge of grain quotations was linked to Russian forest fires and respective grain export bans, which prompted a EU Farm Council debate on feed markets in September 2010 and G-20 Farm Minister declaration defending open grain markets while improving market monitoring by setting up the AMIS/MARS-monitoring system.

Our market experts pointed to current Russian wheat & barley/maize export duties and Ukraine export restrictions for maize as factors reducing feed grain supplies to the EU, thus further "fueling" grain futures. This situation was aggravated by a high demand in China partially recovering from COVID-19 and the ongoing EU wheat export campaign which is "ahead of schedule". In combination with current EU retaliatory import duties for US maize and more recently beet pulp and molasses, as a consequence of the present trade dispute, the situation has become untenable.

At the same time, EU "home grown" protein sources such as rapeseed & sunflower meal have all but "disappeared" due to continued low demand for biodiesel. In addition, the EU feed industry is facing potential losses of market access to essential vitamins (vitamin C, vitamin B12) from China due to "fresh"

lockdown in Hubei province and logjam of containers which also affects supplies of organic soybean meal with no deliveries in EU ports since end of last year .

Our livestock customers are therefore facing a "perfect storm" as important markets for animal products remain closed (Horeca & exports due to ASF/AI outbreaks) with the retail sector in a quasi "monopolistic" situation as only viable market outlet. This is leading to rapid deterioration of profitability in all major livestock sectors & aquaculture, affecting their cash-flow, with the pig and the poultry sectors most affected at this stage.

This development could severely weaken the viability of the EU livestock and aquaculture sector, which would negatively impact the EU's food security in the ongoing COVID-19 crisis. It will also seriously compromise current efforts of the feed and livestock value chain partners to increase investment into more sustainable production and sourcing methods allowing our activities to meet the EU Green Deal targets on Climate neutrality while reducing other environmental impacts.

With a view to the planned EU Farm Council discussions on Free Trade agreements (JRC study),” we, therefore, call on the EU Council Presidency:

- to consider urgent measures which can relieve pressure on EU feed grain markets. We strongly urge the EU Farm Council to invite the new US administration to de-escalate current trade tension, which would allow EU to rapidly lift current import duties for US maize, beet pulp and molasses.
- to take new EU initiatives at the G-20 Agricultural Minister platform calling governments to resist temptations to apply "grain sovereignty" measures (e.g. export duties / volume restrictions) undermining the resilience of the EU feed and livestock sector during the ongoing COVID-19 crisis.
- to discuss the EU feed grain market situation under “any other business” point on the situation of the pig market (requested by Slovenia).

We highly welcome your willingness to share our letter with all EU Farm Ministers and to consider our EU feed market analysis of the current global grain market rally, while discussing possible remedies in the framework of your review of current EU Free Trade Agreements (with a specific focus on EU/US Trade de-escalation).

We thank you in advance for your comprehension and attention to our EU feed market analysis and request for urgent action at EU Farm Council level,

Yours sincerely,



Asbjørn Børsting  
FEFAC President

Cc: Janusz Wojciechowski, EU Commissioner for Agriculture, Wolfgang Burtscher, Director General, Michael Scannell, Deputy Director General, DG AGRI